Political Continuing Education- Part 4 of 5

Super PACs, 527 Committees and 501(c)4 Organizations

Super PACs
Super PACs, officially known as "independent expenditure-only committees," may not make contributions to candidate campaigns or parties, but may engage in unlimited political spending independently of the campaigns. Unlike traditional PACs, they can raise funds from individuals, corporations, unions and other groups, without any legal limit on donation size.

Super PACs were made possible by two judicial decisions: Citizens United v. Federal Election Commission and Speechnow.org v. FEC, where the federal Court of Appeals for the D.C. Circuit held that PACs that did not make contributions to candidates, parties or other PACs could accept unlimited contributions from individuals, unions and corporations (both for profit and not-for-profit) for the purpose of making independent expenditures. The result of the Citizens United and SpeechNow.org decisions was the rise in 2010 of a new type of political action committee, popularly dubbed the "Super PAC".

According to FEC advisory opinions, Super PACs are not allowed to coordinate directly with candidates or political parties. This restriction is intended to prevent them from operating campaigns that complement or parallel those of the candidates they support or engaging in negotiations that could result in quid pro quo bargaining between donors to the PAC and the candidate or officeholder. However, it is legal for candidates and Super PAC managers to discuss campaign strategy and tactics through the media or other public domains.

2012 Election
Super PACs may support particular candidacies. In the 2012 presidential election, Super PACs played a major role, spending more than the candidates' election campaigns in the Republican primaries. As of early April 2012, Restore Our Future—a Super PAC usually described as having been created to help Mitt Romney's presidential campaign—had spent $40 million. Winning Our Future (a pro–Newt Gingrich group) spent $16 million. Some Super PACs are run or advised by a candidate's former staff or associates.

In the 2012 election campaign, most of the money given to super PACs came from wealthy individuals, not corporations. According to data from the Center for Responsive Politics, the top 100 individual super PAC donors in 2011–2012 made up just 3.7 percent of contributors but accounted for more than 80 percent of the total money raised, while less than 0.5 percent of the money given to “the most active Super PACs” was donated by publicly traded corporations.

As of April 2016, according to Center for Responsive Politics, 2,259 groups organized as super PACs have reported total receipts of $612,813,108 and total independent expenditures of $276,284,007 in the 2016 cycle. This number is $514,000,000 more than for the same period in 2012. The leading Super PAC, Right to
Rise supporting Jeb Bush’s campaign, raised more money than the combined total spent during the last presidential contest.

527 Committees
A 527 organization or 527 group is a type of American tax-exempt organization named after "Section 527" of the U.S. Internal Revenue Code. Technically, almost all political committees, including state, local and federal candidate committees, traditional political action committees, "Super PACs" and political parties are "527s." However, in common practice the term is usually applied only to such organizations that are not regulated under state or federal campaign finance laws because they do not "expressly advocate" for the election or defeat of a candidate or party. When operated within the law, there are no upper limits on contributions to 527s and no restrictions on who may contribute. There are no spending limits imposed on these organizations. However, they must register with the IRS, publicly disclose their donors and file periodic reports of contributions and expenditures.

501(c)4 Organizations
The IRS defines 501(c)4 organizations as "social welfare" organizations. Unlike 501(c)3 charitable organizations, they may also participate in political campaigns and elections, as long as the organization's "primary purpose" is the promotion of social welfare and not political advocacy. 501(c)4 organizations are not required to disclose their donors publicly. This aspect of the law has led to extensive use of 501(c)4 organizations in raising and donating money for political activity. The NAACP, Planned Parenthood, Sierra Club and National Rifle Association are well known examples of organizations that operate 501(c)4 social welfare organizations that engage in political advocacy.

PACs and Super PACs are required by law to disclose all of their donors of over $200. However, 501(c)4 organizations are only required to disclose their spending on political activity, and not information on their donors unless those donors give for the express purpose of political advocacy. The use of 501(c)4 organizations for political advocacy has contributed to the sharp rise in outside spending that occurs without disclosure of donors.

In the 2012 elections, 501(c)4 organizations spent $257,242,142 during the elections. So far this election cycle, independent expenditures by these groups total $16 million. However, these same organizations have raised a staggering $1 billion yet to be used for issue advocacy and electioneering communications.